



Los Angeles County AUDIT COMMITTEE

Louisa Ollague, Chair
1st District
Lori Glasgow, Vice Chair
5th District
Dorinne Jordan
2nd District
Genie Chough
3rd District
Carl Gallucci
4th District

MINUTES

October 21, 2010

Louisa Ollague called the meeting to order at 10:38 a.m. in Conference Room 525, Kenneth Hahn Hall of Administration.

Committee Members Present

Louisa Ollague, Chair, First District
Dorinne Jordan, Second District
Genie Chough, Third District
Carl Gallucci, Fourth District

Committee Members Excused Absence

Lori Glasgow, Vice Chair, Fifth District

APPROVAL OF AUGUST 19, 2010 MINUTES

On motion of Genie Chough, seconded by Louisa Ollague and unanimously carried, the minutes of August 19, 2010 were approved.

OLD BUSINESS

- Review of Board Policy No. 3.080 – Department Head Notification To The Board Prior To Service Curtailments Or Layoffs (6/28/10)
- Review of Board Policy No. 3.105 – Redevelopment Goals (8/12/10)

On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee approved the aforementioned policies.

- Trial Court Operations – Indigent Defense Cost Review (Board Agenda Item 5, June 22, 2009) (6/15/10)

On motion of Louisa Ollague, seconded by Genie Chough and unanimously carried, the Committee received and filed the aforementioned report.

- Clontarf Manor, Inc. Contract Compliance Review – A Department of Mental Health Service Provider (2/26/10)
 - Don Chadwick reported Clontarf will be meeting with the Department of Mental Health today and asked that the item be continued to the next meeting to allow DMH to report back after the meeting.

By common consent, there being no objection, the Committee continued the aforementioned report to its November 18, 2010 meeting.

- Review of Board Policy No. 4.080 – Deferred Maintenance Program (6/24/10)
 - Dorinne Jordan asked that the sunset review date be extended to June 2011 instead of June 2014 as requested due to a recent motion made by Supervisor Mark Ridley-Thomas that may impact this policy.

On motion of Dorinne Jordan, seconded by Genie Chough, and unanimously carried, the Committee approved the aforementioned policy with a sunset review date extension of June 2011.

- Review of Board Policy No. 5.055 – Services Contract Solicitation Protest (Implementation Guideline Attachment) (6/30/10)
 - Yolanda Young, Internal Services Department reported the changes in the protest policy implementation guidelines are a result of a transfer of assignment for certain contracts from the CEO to ISD.
 - Amanda Drukker, County Counsel, indicated because ISD handles so many contracts if it denies a solicitation a mechanism has been added to have CEO convene a panel and perform all the duties that would be performed by ISD.

By common consent, there being no objection, the Committee approved the aforementioned policy.

- Review of Board Policy No. 3.115 – Los Angeles County Food Policy: Vending Machines, Fundraising, and County Sponsored Meetings (7/8/10)
 - Paul Simon, Department of Public Health agreed to Louisa Ollague's suggestion of convening a meeting with the Department of Public Social Services, Food Advocates and Health Deputies to begin discussions on restricting food stamps.

On motion of Dorinne Jordan, seconded by Genie Chough, and unanimously carried, the Committee approved the aforementioned policy.

- Sunset Review for the Los Angeles County Arts Commission (8/4/10)
 - The Committee recommended an objective be added to the policy identifying ongoing outside money to support holiday celebrations, interns and outside grants and an extension of the sunset review date to the year 2012.
 - Jim Schneiderman, Auditor-Controller suggested advising the Arts Commission of the Committee's recommendation to give them an opportunity to provide their feedback.

By common consent, there being no objection, the Committee continued the aforementioned policy to its November 18, 2010 meeting.

BOARD POLICIES

- Review of Board Policy No. 3.035 – Small Business Payment Liaison and Prompt Payment Program (8/16/10)
- Review of Board Policy No. 9.100 – Volunteer Program Policy (9/3/10)
- Approve Assignment of Board Policy No. 3.054 for Board Ordered Investigations Pertaining to Confidential Information (Board Agenda Item 48-D, August 17, 2010) (9/17/10)

On motion of Louisa Ollague, seconded by Genie Chough, unanimously carried, the Committee approved the aforementioned policies.

REPORTS TO BE RECEIVED AND FILED

- Fiscal Monitoring Of Department Of Mental Health Service Providers For FY 2006-07 And 2007-08 (8/25/10)
- California Hispanic Commission On Alcohol & Drug Abuse, Inc. Program Review – A Department Of Mental Health Service Provider (8/25/10)
- Status Report - Request For Extension For Review Of Physician Indigent Care Reimbursement Program (8/27/10)
- Treasurer's June 7, 2010 Cash Count (9/2/10)
- Rancho Los Amigos National Rehabilitation Center Review of Trust Funds, Revolving Funds, Commitments and Accounts Payable (9/7/10)
- Homes for Life Foundation Contract Review – A Department of Mental Health Service Provider (9/8/10)
- Audit of the Los Angeles County Treasury for the Year Ended June 30, 2009 (9/8/10)
- Review Of The County Treasury Statement Of Net Assets For The Quarters Ended September 30, 2009, December 31, 2009, And March 31, 2010 (9/8/10)
- eHR Time Collection - Implementation Status Report (9/16/10)
- Fraud Hotline Status Report – January 1, 2010 through June 30, 2010 (9/16/10)
- Report of Monies Owed to Third Parties – As of June 30, 2010 (9/16/10)
- Project New Hope Contracts Review –A Department of Public Health HIV/AIDS Care Services Provider (9/16/10)
- Armenian Evangelical Social Service Center Contract Review – A Department of Public Social Services Refugee Employment Program Provider (9/17/10)
- Harbor-UCLA Medical Center Coastal Cluster - Review of Trust Funds, Revolving Funds, Commitments and Accounts Payable (9/21/10)
- Center For Integrated Family And Health Services Contract Review – A Department of Mental Health Service Provider (9/22/10)
- Chief Executive Office Requested Rancho Business Center Financial/Compliance Audit (9/22/10)
- Treasurer's August 24, 2010 Cash Count (9/24/10)
- Status Report – Probation Department's Staff Accountability and Position/Item Control (9/28/10)

- Review of the Department of Mental Health's Fee-For Service Provider Reimbursement Process (9/28/10)
- Status Report – Request for Extension for Review of Physician Indigent Care Reimbursement Program (Board Agenda Item 17, February 16, 2010) (9/28/10)
- Department of Health Services – Rancho Los Amigos National Rehabilitation Center Procurement Review (10/4/10)
- Community Enhancement Services Contract Review - A Department of Public Social Services Refugee Employment Program Provider (10/4/10)
- Financial/Compliance Audits of 2008-09 Countywide State Grants (10/12/10)
- Report of Treasurer And Tax Collector's Cash Difference Fund Replenishments For The Fiscal Year Ended June 30, 2010 (10/5/10)

On motion of Louisa Ollague, seconded by Dorinne Jordan, unanimously carried, the Committee received and filed the aforementioned reports.

- Independent Auditor's Fiscal Year 2008-09 Management Letter (9/14/10)
 - Jim Godsey of Macias Gini & O'Connell LLP (MGO) provided handouts and a brief overview of the required communications relating to the audited financial statements of the County for the year ended June 30, 2009 and reported the audit was performed as planned, no restrictions were placed and they received total cooperation by management and Auditor-Controller staff.
 - David Livingston of MGO reported on significant accounting policies, accounting estimates, and corrected and uncorrected misstatements. No significant disagreements arose during the course of the audit and no other independent accountant management consultations were made.
 - Mr. Godsey added that pages four through seven include audit adjustments that were identified by the County with their consent and due to the immateriality of those items they were not included in the financial statements however they have been listed to share with the Committee the nature of the items that were identified during the course of the audit.

By common consent, there being no objection, the Committee received and filed the aforementioned item.

- Single Audit Report For Fiscal Year 2008-2009 (8/6/10)
 - Mr. Godsey of MGO reported a separate stand alone audit report is required by Federal Law for anyone who receives federal financial assistance. Major programs are identified and an opinion is given as to the reasonableness of the cost associated with each of those programs and identifying any potential weaknesses. Most of the report is a summary of the weaknesses identified as part of the controls over federal financial assistance.
 - Mr. Livingston of MGO providing an overview of four findings (pages 133-138) included in the report specifically related to the Department of Health Services.

- Mr. Godsey added they will continue to report back on these findings until corrective action has been taken.
- Auditor-Controller staff responded to questions posed by the Committee.

After discussion, by common consent there being no objection, the Committee received and filed the aforementioned report.

- Audit Of The Southern California Gas Company Franchise Agreement (8/25/10)
- Review Of The Department Of Health Services' Community Health Plan Patient Management System (8/25/10)
- Valley Community Clinic Contract Review – A Department of Public Health VIH/AIDS Care and Prevention Services Provider (9/1/10)
- Contractor Alert Reporting Database Status Report (Board Agenda Item 26-C April 27, 2010) (9/16/10)
- South Bay Workforce Investment Board Contract Review – A Department Of Public Social Services American Recovery And Reinvestment Act/Greater Avenues For Independence Vocational Intermediary And Direct Services Program Provider (9/22/10)
- Probation Department – Procurement Review (Phase 1) (9/28/10)
- Department of Mental Health Payroll/Personnel Review (9/28/10)
- Catholic Charities Of Los Angeles, Inc. Contract Review - A Department of Public Social Services Refugee Employment Program Provider (10/6/10)
- Annual Reporting Requirements For Foundations And Support Groups (10/12/10)

By common consent, there being no objection, the Committee continued the aforementioned reports to its November 18, 2010 meeting.

- Sunset Review for the Los Angeles County Commission for Women (9/1/10)
- Sunset Review for the Los Angeles County Public Health Commission (9/27/10)
- Sunset Review for the Los Angeles County Commission for Public Social Services (9/28/10)

By common consent, there being no objection, the Committee received and filed the aforementioned reports.

OTHER BUSINESS

Proposed Fiscal Year 2010-2011 Audit Plan – Jim Schneiderman, Auditor-Controller provided a brief overview of the proposed audit plan and indicated that although the plan includes all of the proposed assignments, unexpected or higher priority assignments may prevent completion of lower priority audits. Currently the two most experienced managers are working on the City of Bell audit and as requirements change, higher priority items will supersede planned audits. Mr. Schneiderman will report back at the next meeting.

Pending Audits/Monitoring Reports – There was none.

Fiscal Year 2010-2011 Cash Flow Report – John Naimo, Auditor-Controller reported the first cash flow report is in draft form with a negative year end cash balance of \$82 million. The year started at \$700 million and they are optimistic that we will not end the year in a negative balance but at this time the projection is conservative. There are concerns with the State's cash flow and late approval of their budget.

DPSS Contract Provisions – Alfred Becerra, Department of Public Social Services reported they are expecting to hear from Debra Pierce of CDSS within the next two weeks. She is expected to provide an opinion on having CAL-Learn contractors return or reinvest unspent revenue. CAL-Learn contractors are in agreement with the proposed provision.

Don Chadwick, Auditor-Controller reported there is an agreement with the State that requires the County to obtain permission from the State in order to revise a County contract. The target is to try to get an amendment or provision by the end of this year.

Property Tax Billing Process – John Naimo, Auditor-Controller reported they are responsible for refunding \$2.9 million to City of Bell residents. The City has paid the County for the refunds and the County hopes to get the initial checks out within the next two weeks to residents who owned the property within the last three years, all transfer of ownerships during the three years will be process by December. The legislation that requires the City of Bell to refund the tax payers also requires that the City of Bell reimburse the County for the cost to reimburse all of its residents and the County is estimating it to be approximately \$50,000.

CSS Audit Reco Status – Jackie Sakane, Community and Senior Services provided a handout and a brief overview of the quarterly status report on WIA and ARRA and their progress over the past two years. The State is pleased with their progress and the documentation provided. Margaret Quinn reported CSS has been proactive in putting procedures in place to address repetitive findings as well as Auditor-Controller staff in ensuring the corrective action plans are being implemented. The Committee thanked Ms. Sakane and Ms. Quinn and commended them on their work.

PUBLIC COMMENT

There was none.

MATTERS NOT ON THE POSTED AGENDA (TO BE PRESENTED AND PLACED ON THE AGENDA OF A FUTURE MEETING)

There was none.

ADJOURNMENT

There being no further business to conduct, the meeting was adjourned at 11:50 p.m.

Others in Attendance

Judi E. Thomas, A-C
Jim Schneiderman, A-C
Don Chadwick, A-C
John Naimo, A-C
Elaine Boyd, A-C
Jackie Guevarra, A-C
Isaura Capell, A-C
Robert Campbell, A-C
Guy Zelenski, A-C
Allen McMillen, A-C
Connie Yee, A-C
Bob Moran, CEO
Charlene Abe, CEO
Dorothea Park, CEO

Antonio Gando, DMH
Suzanne Bogert, DMH
Michelle Wood, DPH
Paul Simon, DPH
Manuel Valenzuela, CC
Amanda Drukker, CC
Alfred Becerra, DPSS
Jim Godsey, MGO
David Livingston, MGO
Veronica Wang, MGO
Dan Martin, MGO
Margaret Quinn, CSS
Jackie Sakane, CSS
Yolanda Young, ISD

Staff

Twila P. Kerr, Board of Supervisors
Lupe Duron, Board of Supervisors